



## **Economic Impact Analysis Virginia Department of Planning and Budget**

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### **8 VAC 20-630 – Standards for State Funded Remedial Programs Department of Education September 4, 2000**

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The Department of Planning and Budget (DPB) has analyzed the economic impact of this proposed regulation in accordance with Section 9-6.14:7.1.G of the Administrative Process Act and Executive Order Number 25 (98). Section 9-6.14:7.1.G requires that such economic impact analyses include, but need not be limited to, the projected number of businesses or other entities to whom the regulation would apply, the identity of any localities and types of businesses or other entities particularly affected, the projected number of persons and employment positions to be affected, the projected costs to affected businesses or entities to implement or comply with the regulation, and the impact on the use and value of private property. The analysis presented below represents DPB's best estimate of these economic impacts.

### **Summary of the Proposed Regulation**

The Board of Education proposes to institute a maximum pupil-teacher ratio for state funded remedial programs. Also, the Board proposes to require that local school divisions record and report specified data pertaining to their state funded remedial programs, and to annually evaluate the success of those programs.

### **Estimated Economic Impact**

The proposed regulations implement a requirement that "the pupil-teacher ratios for state funded summer remedial programs shall not exceed 18:1." According to the Department of Education (DOE), there is no data available to indicate the current pupil-teacher ratios for state funded summer remedial programs. Nonetheless, DOE believes that it is likely that at least some local school divisions are not currently meeting the mandated ratio. Thus, it is likely that if the proposed regulations were approved, some school divisions would need to hire additional instructors in order to be in compliance.

The evidence on the effects of lower pupil-teacher ratios is mixed. Some studies find that lower class size does significantly improve students' performance (Grissmer 1999 and Krueger 1999, for example), while others do not (Hanushek (1996), for example). Overall though, the majority of recent respected studies side with the view that reduced class size does improve students' performance. Further, there is evidence that lower-scoring students, such as remedial students, benefit more from smaller classes than do higher-scoring students (Grissmer 1999). The studies generally compare large class sizes to classes with ratios of 16:1 or smaller. So, it cannot be said whether a reduction of class size to 18:1 is great enough to significantly improve students' performance.

Since no data is available to indicate current pupil-teacher ratios for state funded summer remedial programs, an accurate estimate of the costs of the mandated 18:1 ration cannot be determined. In Virginia the average teacher salary is \$38,797 a year and a typical contract is for about 200 days.<sup>1</sup> Thus, if a local school division were required to hire one additional teacher to teach a five-day summer remedial course, it can be estimated that that would cost the locality approximately \$970.<sup>2,3</sup> Due to the absence of data on current class sizes and clear reliable estimates of the benefits of reducing class size to 18:1, an accurate comparison of the costs and benefits of this proposed amendment cannot be made.

The proposed regulations also include requirements that local school divisions record and report specified data pertaining to their state funded remedial programs, and to annually evaluate the success of those programs. But the current Appropriations Act includes language that negates these requirements even if the proposed regulations are approved. If future Appropriation Acts do not include negating language, and the proposed recording, reporting and evaluating requirements are implemented, the additional information produced would enable analysts and policy makers to potentially produce better analysis and make better-informed policy decisions. If implemented and not negated by the Appropriations Act, these proposed mandates would require local school divisions to employ several months of one full-time employee's time to set-

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<sup>1</sup> Source: Department of Education

<sup>2</sup> Calculation:  $(\$38,797 / 200) * 5$ . It is assumed that no additional costs for health benefits, etc. are incurred since, according to DOE, most additional staff hired will already have year-round health benefits, etc.

<sup>3</sup> Minimum remedial summer school course length estimated to be about five days by the Department of Education.

up spreadsheet files plus obtain initial information, and over the school year, cumulatively employ about one month of one full-time employee's time per school to collect and report data.<sup>4</sup>

## **Businesses and Entities Affected**

The proposed amendments will affect all 132 school divisions in the Commonwealth.

## **Localities Particularly Affected**

The proposed amendments will affect all localities within the Commonwealth.

## **Projected Impact on Employment**

Implementation of the proposed regulations will likely increase the employment of teachers for summer remedial programs. Since no data exists to determine the current pupil-teacher ratios in schools throughout the Commonwealth, no accurate estimate on how many teachers would need to be hired can be made.

As stated earlier, language in the current Appropriations Act negates the proposed recording, reporting, and evaluating requirements. If future Appropriation Acts do not include negating language and the proposed regulations are approved, local school divisions will need to hire additional staff or employ current staff more hours to conduct the mandated recording, reporting, and evaluating.

## **Effects on the Use and Value of Private Property**

The proposed amendments to the regulations are not likely to significantly affect the use and value of private property.

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<sup>4</sup> Source: Kathy Kitchen, Assistant Superintendent of Finance for Chesterfield County Public Schools

## References

- Grissmer, D. (1999), "Class Size Effects: Assessing the Evidence, its Policy Implications, and Future Research Agenda," *Educational Evaluation and Policy Analysis*, Summer 1999, Vol. 21, No. 2, pp. 231-248.
- Hanushek, E.A. (1996), "School Resources and Student Performance," in G. Burtless (Ed.), *Does Money Matter? The Effect of School Resources on Student Achievement and Adult Success* (pp. 43-73), Washington, DC, The Brookings Institution.
- Krueger, A.B. (1999), "Experimental Estimates of Education Production Functions," *Quarterly Journal of Economics*, CXIV, 497-532.